



NEXON

Investor Presentation Q3 2018

November 8, 2018 NEXON Co., Ltd.

Owen Mahoney

President and Chief Executive Officer

- Record-high Q3 revenues, operating income, and net income¹, driven by continued strength of our biggest franchises across the regions
- China *Dungeon&Fighter*
 - Strong sales from National Day Update; exceeded our expectations.
 - Record Q3 revenues with double-digit year-over-year growth
- Korea *MapleStory*
 - Summer Update drove deep engagements. Recorded 129% growth year over year
 - Korea *MapleStory M* recorded 134% year-over-year growth.
- Results underscore Nexon's ability of growing games over time and longevity of our franchises.
- Rich pipeline of new games internationally

¹ Net income refers to net income attributable to owners of the parent, as stated in Nexon's consolidated financial results.

Strategic Investment in Embark Studios

- Embark Studios AB
 - A new game development studio located in Stockholm, Sweden, headed by Patrick Söderlund
 - Nexon is the sole strategic investor; will serve as the worldwide publisher for the properties developed by Embark Studios.
- Partnership built on a deeply aligned vision about the future of online virtual worlds
 - Leveraging both Embark Studios' proven experience in making hits and Nexon's ability to grow games for many years
 - Nexon and Embark Studios will together lead the new generation of deeply-immersive online virtual world.
- Patrick Söderlund nominated to serve on Nexon's Board of Directors
 - Nomination expected to be ratified at the Nexon annual shareholders meeting in March 2019
 - Brings a unique perspective to Nexon and help shape Nexon's vision for game development appealing to a global audience



Patrick Söderlund

Biography

Patrick Söderlund was the CEO of Stockholm-based DICE, which was acquired by Electronic Arts in 2006, where Söderlund held many executive roles, starting with overseeing key franchises to becoming Executive Vice President of Worldwide Studios, and most recently serving as the company's Chief Design Officer. Now at Embark's helm, Patrick Söderlund has been involved with some of the world's most popular game franchises in his two decades in interactive entertainment.

Shiro Uemura

Chief Financial Officer

Q3 2018 Results

Q3 Highlights

- Revenues ¥69.3 billion, up 15% year over year as-reported or constant currency¹
- Exceeded outlook, primarily driven by the strong start of *Dungeon&Fighter* China's National Day Update as well as the stronger-than-expected result of *MapleStory* in Korea, driven by the successful Summer Update
- Operating income ¥23.7 billion – in the range of outlook. The revenue outperformance as well as lower-than-planned HR and marketing costs were offset by a ¥7.3 billion impairment loss primarily on NAT Games' goodwill and game IP.
- Net income² ¥22.3 billion – in the range of outlook while recording a ¥1.9 billion FX loss on U.S. dollar-denominated cash deposits

(Unit: ¥ millions, except per share data)

	Q3 2017	Q3 2018 Outlook		Q3 2018	YoY %
		Low end	High end		
Revenues	¥60,398	¥60,929	~ ¥65,878	¥69,332	15%
PC ³	46,755	45,619	~ 48,812	53,036	13%
Mobile	13,643	15,310	~ 17,066	16,296	19%
Japan	2,929			2,561	(13%)
ex-Japan	10,714			13,735	28%
Operating income	22,704	20,988	~ 25,213	23,712	4%
Net income²	19,606	20,527	~ 24,017	22,305	14%
Earnings per share ⁴	22.27	23.01	~ 26.93	24.98	
Exchange rates					
100 KRW/JPY	9.82	9.94	9.94	9.96	1%
CNY/JPY	16.65	16.61	16.61	16.39	(2%)
USD/JPY	111.03	111.38	111.38	111.46	0%

¹ Constant currency is a non-GAAP measure used to show performance unaffected by fluctuations in foreign currency exchange rates. Constant-currency basis amounts are calculated using the average foreign currency exchange rates for the comparable period in the prior year and applied to the current period. As an example, we calculate royalty revenues from China *Dungeon&Fighter* by applying the same CNY/USD, USD/KRW and KRW/JPY exchange rates from last year's same fiscal quarter.

² Net income refers to net income attributable to owners of the parent, as stated in Nexon's consolidated financial results.

³ PC revenues include other revenues besides PC online games and mobile games.

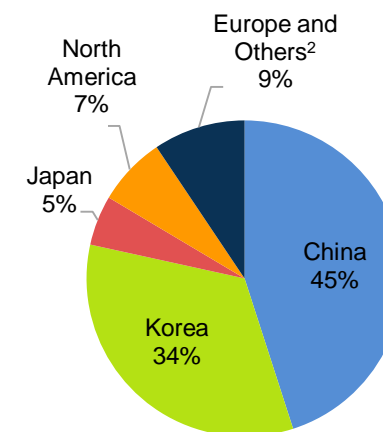
⁴ Nexon conducted a two-for-one stock split of its common stock as of April 1, 2018. The amount of Earnings per share has been calculated based on the assumption that such stock split was conducted at the beginning of the previous consolidated accounting year.

Revenue Breakdown

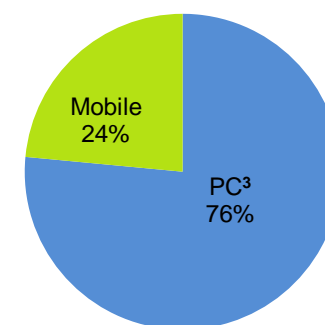
(Unit: ¥ millions)

	Q3 2017	Q3 2018		YoY % Change	
		As-Reported	Constant Currency ⁴	As-Reported	Constant Currency ⁴
Revenue by Region¹					
China	¥27,806	¥31,216	¥31,655	12%	14%
Korea	23,607	23,168	22,829	(2%)	(3%)
Japan	3,881	3,541	3,541	(9%)	(9%)
North America	2,148	4,891	4,857	128%	126%
Europe and Others ²	2,956	6,516	6,441	120%	118%
Nexon Total	60,398	69,332	69,323	15%	15%
Revenue by Platform					
PC ³	46,755	53,036	53,191	13%	14%
Mobile	13,643	16,296	16,132	19%	18%
Japan	2,929	2,561	2,561	(13%)	(13%)
ex-Japan	10,714	13,735	13,571	28%	27%
Nexon Total	60,398	69,332	69,323	15%	15%
FX Rate					
100 KRW/JPY	9.82	9.96	9.82	1%	
CNY/JPY	16.65	16.39	16.65	(2%)	
USD/JPY	111.03	111.46	111.03	0%	

Q3 2018 Revenue by Region¹



Q3 2018 Revenue by Platform



¹ Based on the regions in which revenues originate; not a representation of revenues according to Nexon entities.

² "Europe and Others" includes Europe as well as other Asian countries and South American countries.

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⁵ For the KPIs (MAU, Pay Rate and ARPPU) of PC online games, please refer to appendix of this presentation.

China/Korea – Highlights

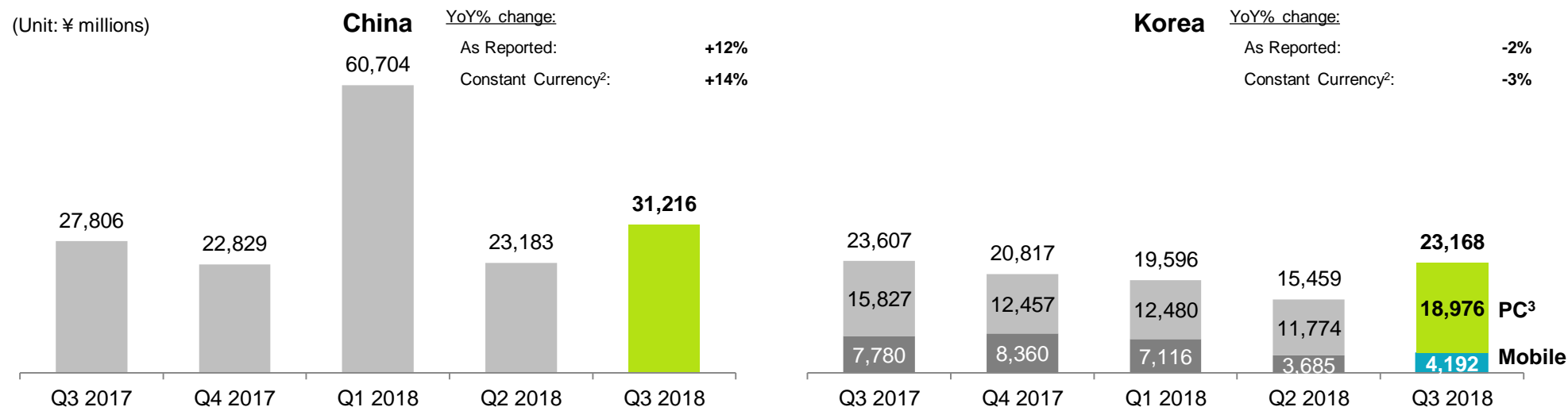
China

- *Dungeon&Fighter*
 - Introduced Summer Update (7/5 – 8/16); National Day Update (9/17) – off to a strong start
 - Revenues, ARPPU, and MAUs increased year over year; paying users decreased year over year.
 - Seasonal sequential increase in revenues, ARPPU, and MAUs, while paying users decreased, primarily due to high base in Q2 2018 driven by small item sales in time for seasonal events.

Korea

- *MapleStory*: Continued strength driven by the successful Summer Update; revenues grew 129% year over year.
- *MapleStory M*: 134% year-over-year revenue growth, driven by the successful content update as well as favorable effect from PC *MapleStory*; however, mobile revenues decreased year over year due to deceleration of *Dark Avenger 3* and *AxE*.
- *FIFA ONLINE 4*¹ / *FIFA ONLINE 4M*¹: Launched *FIFA ONLINE 4M*¹ in late July; significant sequential increase in combined revenues

(Unit: ¥ millions)



¹ Official titles are EA SPORTS™ FIFA ONLINE 4 and EA SPORTS™ FIFA ONLINE 4M.

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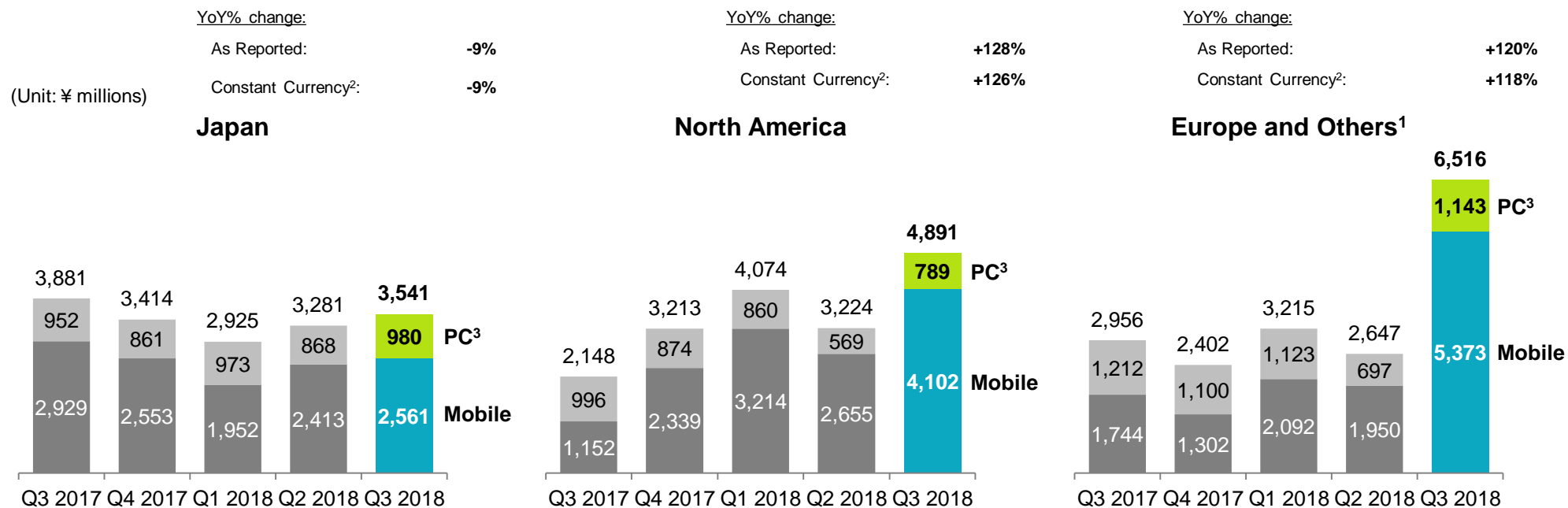
Japan/North America/Europe and Others¹ – Highlights

Japan

- Year-over-year decrease primarily due to the deceleration of mobile browser games, *HIT*, and *HIDE AND FIRE*
- Launched *Dynasty Warriors: Unleashed* in late September; delivered stronger-than-expected results

North America / Europe and Others¹

- Over 2x year-over-year revenue growth, primarily driven by contributions from Pixelberry Studios, *MapleStory M*, and *Darkness Rises*
- Launched *MapleStory M* in late July in over 140 countries



¹ "Europe and Others" includes Europe as well as other Asian countries and South American countries.

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Q4 2018 Outlook

Q4 2018 Business Outlook

- Expect revenues to be:
 - Down 13% to 5% year over year on as-reported basis
 - Down 10% to 2% year over year on constant-currency¹ basis

(Unit: ¥ millions, except per share data)

	Q4 2017	Q4 2018 Outlook		YoY %	
Revenues	¥52,675	¥45,892	~	¥50,010	(13%) ~ (5%)
PC ²	38,080	31,608	~	33,950	(17%) ~ (11%)
Mobile	14,595	14,284	~	16,060	(2%) ~ 10%
Operating income	11,760	6,392	~	8,840	(46%) ~ (25%)
Net income³	(2,210)	7,567	~	9,574	n/a ~ n/a
Earnings per share ⁴	(2.51)	8.46	~	10.71	
FX Rate Assumptions					
100 KRW/JPY	10.22	9.98		9.98	(2%)
CNY/JPY	17.08	16.24		16.24	(5%)
USD/JPY	112.98	112.82		112.82	(0%)

- Forex sensitivity⁵: Every one Japanese yen move against the U.S. dollar would have the following impact on our financials for Q4 2018

Revenues	0.42 billion yen
Operating Income	0.07 billion yen

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² PC revenues includes revenues other than PC/mobile revenues.

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⁴ Nexon conducted a two-for-one stock split of its common stock as of April 1, 2018. The amount of Earnings per share has been calculated based on the assumption that such stock split was conducted at the beginning of the previous consolidated accounting year.

⁵ In most situations, the exchange rates of both the South Korean Won and the Chinese Yuan are linked to the U.S. dollar. For simplicity, forex sensitivity is calculated based on the assumption that Korean Won and Chinese Yuan move similarly against Japanese yen when there is an exchange rate movement in U.S. dollar and Japanese yen.

Q4 2018 Regional Outlook



China

- As-reported: Expect 20+% YoY decrease
- Constant currency¹ : Expect 20+% to high teens % YoY decrease
- *Dungeon&Fighter*
 - No major update scheduled in Q4
 - Expect FY 2018 local currency basis revenues to grow YoY
- Continue development / preparation for *Dungeon&Fighter 2D* mobile (Publisher: Tencent)



Korea

- As-reported or constant currency¹: Expect 20+% to high teens % YoY decrease
- Showcasing 14 new games at G-STAR 2018, including *Mobinogi mobile*, *TALESWEAVERM*, *Crazy Arcade BnB M*, and *The kingdom of the winds: Yeon*
- Preparing multiple PC and mobile games for 2019



Japan

- As-reported or constant currency: Expect 40+% to 60+% YoY increase
- Scheduled to launch *FAITH*
- Preparing multiple mobile games for 2019

North America, Europe and Others²

- North America
 - As-reported or constant currency¹: Expect 40+% to 50+% YoY increase
 - Launched *MapleStory 2* (October)
 - Preparing multiple mobile games for 2019
- Europe and Others²
 - As-reported: Expect 60+% to 70+% YoY increase
 - Constant currency¹: Expect 60+% to 80+% YoY increase
 - Preparing multiple mobile games for 2019

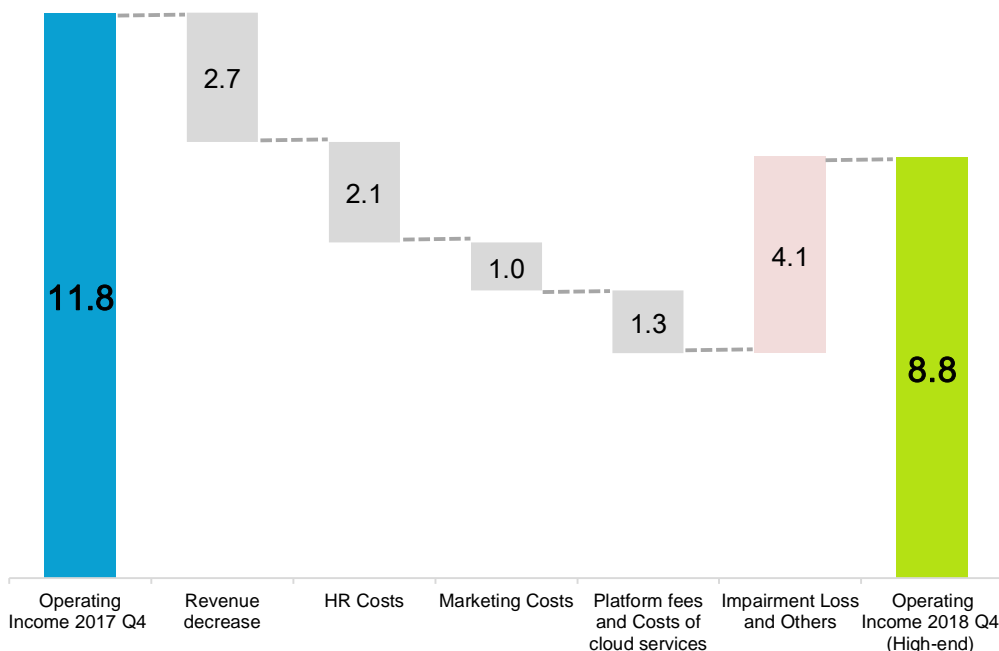
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² "Europe and Others" includes Europe as well as other Asian countries and South American countries.

Q4 2018 Operating Income Outlook

YoY Operating Income Comparison

(Unit: ¥ billions)



Expect Q4 2018 operating income of ¥6.4 to ¥8.8 billion due to:

Negative drivers

- Decreased revenues, including the high-margin China business
- Increased HR costs, primarily due to increased headcount in relation to consolidation of game studios and mobile business growth
- Increased marketing costs associated with new titles, including Japan service of *FAITH* and *Dynasty Warriors: Unleashed*, *MapleStory 2* global service; promotions for *Choices: Stories You Play*
- Increased platform fees associated with increased mobile revenues; increased costs of cloud services associated with increased new mobile launches

Positive drivers

- Decreased impairment loss

FY 2018 Outlook

(Unit: ¥ millions, except per share data)

	<u>FY 2017</u>	<u>FY 2018 Outlook</u>		<u>YoY %</u>		
Revenue	¥234,929	¥253,532	~ ¥257,650	8%	~	10%
PC ¹	183,488	197,755	~ 200,097	8%	~	9%
Mobile	51,441	55,777	~ 57,553	8%	~	12%
Operating income	90,504	100,845	~ 103,293	11%	~	14%
Net income²	56,750	108,735	~ 110,742	92%	~	95%
Earnings per share ³	64.67	122.22	~ 124.48			

<u>By Region⁴</u>	<u>FY 2018 Outlook (As-Reported)</u>
China	Expect low teens % to high teens % YoY increase
Korea	Expect high single digit % YoY decrease
Japan	Expect low teens % YoY decrease
North America	Expect 80+% YoY increase
Europe and Others ⁵	Expect 20+% to 30+% YoY increase

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2018 China *Dungeon&Fighter* Update Schedule

Period	Tier 1 Content Update	2017	2018
Q1	Lunar New Year Update	January 17 th	February 1 st
	2017: Level Cap Update	January 17 th	N/A
Q2	Labor Day Update	April 27 th	April 26 th
	Anniversary Update	June 22 nd	June 19 th
Q3	Summer Update	July 6 th	July 5 th
	National Day Update	September 21 st	September 17 th
Q4	Winter Update	N/A	N/A

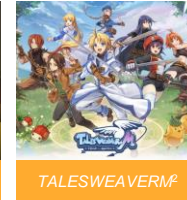
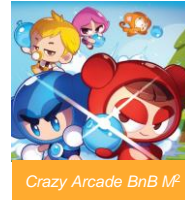
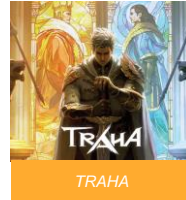
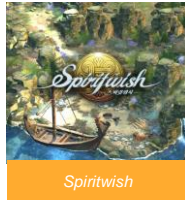
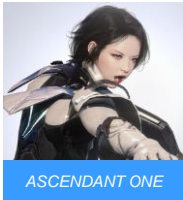
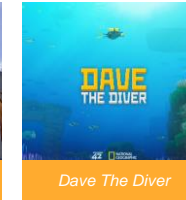
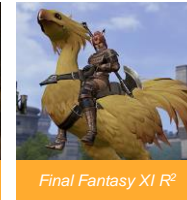
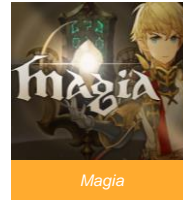
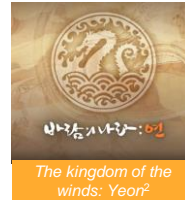
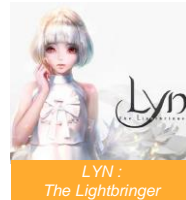
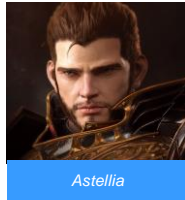
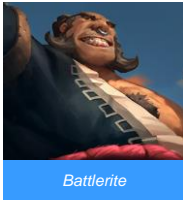
* 2018 update schedule is subject to change depending on various operational factors

 Indicates financially important updates

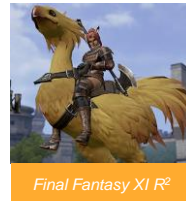
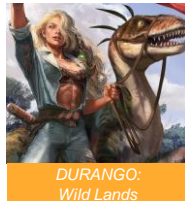
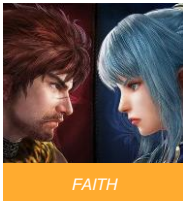
Pipeline¹

PC ONLINE MOBILE

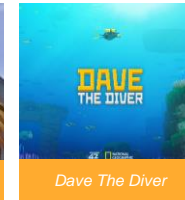
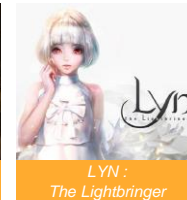
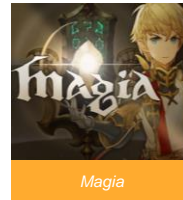
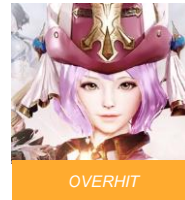
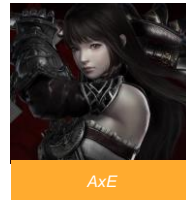
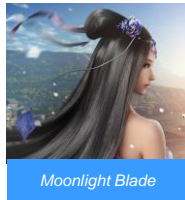
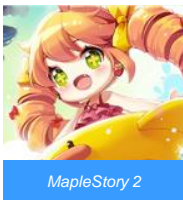
KOREA



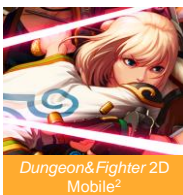
JAPAN



NORTH AMERICA & REST OF THE WORLD



CHINA



¹ Chart is illustrative excerpt of pipeline.

² Mobile games based on original IPs.

³ The letters, graphics, symbols, logos and other marks shown in this material are trademarks or registered trademarks owned by respective right holders.

Appendix

Summary of Results and Key Operational Metrics

NEXON Co., Ltd.
Q3 2018
INVESTOR PRESENTATION

(Unit: ¥ millions, except per share data)

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	YoY%
(By Region)								
China	¥43,951	¥20,803	¥27,806	¥22,829	¥60,704	¥23,183	¥31,216	12%
Korea	20,279	15,801	23,607	20,817	19,596	15,459	23,168	(2%)
Japan	5,406	4,412	3,881	3,414	2,925	3,281	3,541	(9%)
North America	2,077	1,886	2,148	3,213	4,074	3,224	4,891	128%
Europe and Others ¹	3,079	4,162	2,956	2,402	3,215	2,647	6,516	120%
(By Platform)								
PC ²	63,114	35,540	46,755	38,080	76,074	37,037	53,036	13%
Mobile	11,678	11,524	13,643	14,595	14,440	10,757	16,296	19%
Japan	4,240	3,488	2,929	2,553	1,952	2,413	2,561	(13%)
ex-Japan	7,438	8,036	10,714	12,042	12,488	8,344	13,735	28%
Revenue	74,792	47,064	60,398	52,675	90,514	47,794	69,332	15%
Operating income	39,762	16,278	22,704	11,760	54,729	16,012	23,712	4%
Net income/(loss)³	19,906	19,448	19,606	(2,210)	46,615	32,248	22,305	14%
Earnings/(loss) per share⁴	22.85	22.21	22.27	(2.51)	52.80	36.24	24.98	
FX rate								
100 KRW/JPY	9.88	9.85	9.82	10.22	10.11	10.12	9.96	1%
CNY/JPY	16.50	16.19	16.65	17.08	17.07	17.10	16.39	(2%)
USD/JPY	113.64	111.09	111.03	112.98	108.30	109.07	111.46	0%
KPI (Excluding Mobile)								
MAU (millions)	44.9	41.2	42.2	39.7	35.3	33.3	37.5	(11%)
Pay Rate	16.1%	15.6%	15.6%	14.3%	19.3%	20.5%	16.3%	
ARPPU (as-reported)	5,628	3,241	4,202	3,503	8,028	3,313	5,260	25%

¹ "Europe and Others" includes Europe as well as other Asian countries and South American countries.

² PC revenues include revenues other than PC/mobile revenues.

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COGS and SG&A

NEXON Co., Ltd.
Q3 2018
INVESTOR PRESENTATION

(Unit: ¥ millions)

	FY2017				FY2018		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total Cost of Revenue ¹	¥14,767	¥12,584	¥14,953	¥14,352	¥14,337	¥13,135	¥14,980
Royalty ²	5,635	4,413	5,271	4,383	3,979	2,980	3,868
HR cost (COGS) ³	6,258	5,447	6,754	6,585	6,277	6,394	6,833
Other (COGS) ⁴	2,874	2,724	2,928	3,384	4,081	3,761	4,279
Total SG&A ¹	17,298	16,648	19,834	21,308	21,474	20,562	23,725
HR cost	4,036	3,527	3,887	4,853	5,434	5,265	5,305
PG fee ⁵	5,229	4,715	5,928	5,524	5,553	4,433	6,492
R&D	2,007	2,056	1,951	2,057	2,124	2,412	2,674
Marketing/advertising expenses	3,173	3,650	5,122	5,910	5,631	5,610	6,279
Depreciation and amortization	1,009	856	600	669	656	605	1,297
Other	1,844	1,844	2,346	2,295	2,076	2,237	1,678
Other Income ⁶	181	714	762	(272)	359	3,006	382
Other Expense ⁷	3,146	2,268	3,669	4,983	333	1,091	7,297
Includes: impairment loss	2,689	2,185	3,618	4,246	319	805	7,266

¹ Breakdown of COGS and SG&As are unaudited.

² Royalty includes royalties paid to third-party developers in order for us to obtain the right to publish their games.

³ HR cost includes salaries, bonuses and benefits for our live game developers, who support post launch servicing, updating and support for our games.

⁴ Other (COGS) primarily consists of depreciation and amortization of assets related to existing games, connection fees (mainly comprised of co-location and datacenter fees, internet bandwidth and access fees), and the costs of purchasing and maintaining our servers and computer equipment.

⁵ PG fee in SG&A includes commissions made to external payment gateway companies when users purchase in-game items in PC Online games that we service. It also includes mobile carrier-related commissions we pay regarding our Japanese mobile browser games, commissions we pay to Apple/Google regarding our mobile native games globally, and platform commission fees related to mobile browser games.

⁶ Other Income includes other non-operating income, reversal of deferred revenue, gain on sale of properties, gain on change in equity and gain on step acquisition.

⁷ Other Expense includes other non-operating expenses, loss on sale/disposal of properties, loss on impairment of tangible fixed assets, loss on impairment of intangible assets, loss on impairment of other fixed assets and loss on change in equity. It also includes impairment loss of game IPs and goodwill.

P&L Below Operating Income

(Unit: ¥ millions)

	FY2017				FY2018		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Operating Income	¥39,762	¥16,278	¥22,704	¥11,760	¥54,729	¥16,012	¥23,712
Finance Income ¹	1,202	6,271	2,117	2,463	1,869	18,026	2,849
Finance Costs ²	15,920	294	15	15,728	3,225	222	1,856
Equity loss of affiliates, equity method companies	(12)	(340)	(178)	(75)	(23)	(187)	(97)
Income/(Loss) before Income Tax	25,032	21,915	24,628	(1,580)	53,350	33,629	24,608
Tax expense	5,220	2,613	4,981	664	6,845	1,613	4,982
Non-controlling interests	(94)	(146)	41	(34)	(110)	(232)	(2,679)
Net income/(loss) ³	19,906	19,448	19,606	(2,210)	46,615	32,248	22,305

¹ Finance Income includes interest income primarily on cash deposits. 2017 Q2, Q3 and 2018 Q2 Finance Income includes FX conversion gains related to foreign currency deposits and accounts receivable.

² 2017 Q1, Q4, and 2018 Q1, Q3 Finance Costs are primarily caused by FX conversion loss related to foreign currency deposits & A/R.

³ Net income/(loss) refers to net income/(loss) attributable to owners of the parent, as stated in Nexon's consolidated financial results.

Cash Flow Statement

NEXON Co., Ltd.
Q3 2018
INVESTOR PRESENTATION

(Unit: ¥ millions)

	9 months ended September 30, 2017	9 months ended September 30, 2018
Cash flows from operating activities	¥61,195	¥82,703
Cash flows from investing activities	(30,373)	(71,423)
Cash flows from financing activities	4,925	6,238
Net increase / (decrease) in cash and cash equivalents	35,747	17,518
Cash and cash equivalents at beginning of fiscal year	152,683	153,242
Effect of exchange rate change on cash and cash equivalents	(352)	(1,829)
Cash and cash equivalents at end of fiscal year	188,078	168,931

Balance Sheet

NEXON Co., Ltd.
Q3 2018
INVESTOR PRESENTATION

(Unit: ¥ millions)

	December 31, 2017 ¹	September 30, 2018
Asset		
Current Assets		
Cash and cash equivalents	¥153,242	¥168,931
Other deposits	234,092	292,766
Other current assets	55,285	65,595
Total current assets	442,619	527,292
Noncurrent assets		
Tangible assets	27,303	26,181
Goodwill	18,957	27,646
Intangible assets	12,784	29,836
Others	41,568	36,117
Total noncurrent assets	100,612	119,780
Total assets	543,231	647,072
Liability		
Current liabilities		
Current tax liabilities	7,698	9,511
Current borrowings	3,490	2,591
Others	30,359	27,254
Total current liabilities	41,547	39,356
Noncurrent liabilities		
Non-current borrowings	-	-
Others	31,466	32,370
Total noncurrent liabilities	31,466	32,370
Total liabilities	73,013	71,726
Shareholders' equity		
Capital stock	9,390	14,265
Capital surplus	41,021	34,681
Treasury shares	-	(1)
Other equity interest	91,033	77,848
Retained earnings	323,763	436,346
Non-controlling interests	5,011	12,207
Total equity	470,218	575,346
Total liabilities and total equity	543,231	647,072

¹ With the finalization of provisional accounting related to the business combination for Pixelberry conducted in November 2017, the consolidated financial statements for the fiscal year ended December 31, 2017 have been revised retrospectively.

P&L by Reporting Segment¹

NEXON Co., Ltd.
Q3 2018
INVESTOR PRESENTATION

(Unit: ¥ millions)

	FY2017				FY2018		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Japan							
Revenue from external customers	¥3,532	¥3,067	¥2,866	¥2,641	¥2,469	¥2,112	¥2,593
Segment profit/(loss)	(903)	(948)	(700)	(1,458)	(1,756)	(2,018)	(1,806)
Korea							
Revenue from external customers	67,616	41,390	54,236	45,544	81,826	40,857	60,883
Segment profit/(loss)	44,005	20,120	28,109	20,368	57,739	17,962	33,661
China							
Revenue from external customers	1,305	665	699	528	646	597	878
Segment profit/(loss)	933	300	326	131	353	242	523
North America							
Revenue from external customers	2,128	1,802	2,473	3,647	5,440	4,187	4,943
Segment profit/(loss)	(1,272)	(1,587)	(2,072)	(1,937)	(1,460)	(1,951)	(1,704)
Others							
Revenue from external customers	211	140	124	315	133	41	35
Segment profit/(loss)	(31)	(55)	(102)	(84)	(177)	(135)	(55)
Adjustments							
Revenue from external customers	-	-	-	-	-	-	-
Segment profit/(loss)	(5)	2	50	(5)	4	(3)	8
Total							
Revenue from external customers	74,792	47,064	60,398	52,675	90,514	47,794	69,332
Segment profit/(loss)	42,727	17,832	25,611	17,015	54,703	14,097	30,627

¹ Representation based on location of Nexon's entities; not based on regions in which revenues originate.

Number of Employees by Reporting Segment

NEXON Co., Ltd.
Q3 2018
INVESTOR PRESENTATION

	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018
Full-time employees							
Japan	585	561	532	537	545	551	557
Korea	4,263	4,292	4,334	4,426	4,439	4,878	4,988
China	260	254	273	239	227	218	219
North America	322	332	351	445	424	428	465
Others	104	113	110	121	81	74	78
Total	5,534	5,552	5,600	5,768	5,716	6,149	6,307

Nexon Japan Corporate Entity Financial Statement¹ (1)

NEXON Co., Ltd.
Q3 2018
INVESTOR PRESENTATION

(Unit: ¥ millions)

Condensed Income Statement	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Revenue	¥11,657	¥11,236	¥7,987	¥5,815	¥5,208	¥5,927
Cost of revenue	4,732	4,829	3,679	3,117	3,134	3,438
Gross profit	6,924	6,407	4,308	2,698	2,074	2,489
SG&A	6,517	7,275	7,585	6,470	6,736	6,941
Operating profit / (loss)	406	(868)	(3,277)	(3,772)	(4,662)	(4,452)
Non-operating income	697	14,186	28,335	19,163	636	5,049
Includes: dividend income	135	12,926	24,613	18,869	22	4,612
Non-operating expenses	582	603	526	1,246	1,826	1,969
Ordinary income	521	12,715	24,532	14,145	(5,852)	(1,372)
Extraordinary income	-	-	244	6,443	852	58
Extraordinary losses	2,624	4,451	18,717	6,897	39,573	9,643
Income / (loss) before income taxes	(2,102)	8,264	6,059	13,691	(44,573)	(10,957)
Tax expense	50	725	4,656	5,519	(201)	234
Net income / (loss)	(2,153)	7,539	1,403	8,172	(44,372)	(11,191)

¹ Excerpt of NEXON Co., Ltd.'s standalone financial statements included in Annual Securities Report (Yuuka Shouken Houkokusho). Please note NEXON Co., Ltd.'s standalone financial statements are based on J-GAAP (Nexon Group's consolidated financial statements are based on IFRS).

Nexon Japan Corporate Entity Financial Statement¹ (2)

NEXON Co., Ltd.
Q3 2018
INVESTOR PRESENTATION

(Unit: ¥ millions)

Condensed Balance Sheet	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Current assets	¥51,806	¥45,632	¥46,760	¥70,444	¥52,632	¥42,946
Includes: cash and cash equivalents	48,952	32,367	30,711	68,997	49,531	41,868
Non-current assets	99,900	135,011	101,337	38,190	6,438	5,494
Property, plant and equipment	216	183	222	200	74	7
Intangible assets	59	56	60	66	-	-
Investments and other assets	99,624	134,772	101,055	37,924	6,364	5,487
Total assets	151,707	180,643	148,097	108,634	59,070	48,440
Current liabilities	14,302	13,103	16,345	3,506	2,341	1,796
Non-current liabilities	40,230	39,644	23,154	498	448	457
Total liabilities	54,532	52,747	39,499	4,004	2,789	2,253
Shareholder's equity	105,943	110,163	98,122	99,779	50,669	41,230
Capital stock	51,342	51,868	52,332	56,227	3,307	9,183
Capital surplus	51,202	51,728	42,192	36,087	88,621	43,021
Includes: other capital surplus	50,000	50,000	40,000	30,000	86,064	34,588
Retained earnings	3,398	6,567	3,598	7,465	(41,259)	(10,974)
Includes: other retained earnings	3,398	6,130	2,724	6,160	(41,476)	(11,191)
Treasury shares	-	(0)	-	-	(0)	-
Valuation and translation adjustments	(9,555)	15,844	6,536	246	77	(10)
Subscription rights to shares	786	1,889	3,940	4,605	5,535	4,967
Total net assets	97,174	127,896	108,598	104,630	56,281	46,187
Statement of changes in equity (excerpt)	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Payment of dividends	-	(4,807)	(4,372)	(4,305)	(4,352)	-
Acquisition of treasury shares	-	(0)	(10,000)	(10,000)	(5,000)	(10,000)
Cancellation of treasury shares	-	-	10,000	10,000	5,000	10,000

¹ Excerpt of NEXON Co., Ltd.'s standalone financial statements included in Annual Securities Report (Yuuka Shouken Houkokusho). Please note NEXON Co., Ltd.'s standalone financial statements are based on J-GAAP (Nexon Group's consolidated financial statements are based on IFRS).

Key Titles by Region

China



Dungeon&Fighter (PC)



Counter-Strike Online (PC)



MapleStory (PC)



MapleStory 2 (PC)

Korea



MapleStory (PC)



Dungeon&Fighter (PC)



Sudden Attack (PC)



EA SPORTS™ FIFA ONLINE 4 (PC)



EA SPORTS™ FIFA ONLINE 4M (Mobile)



MapleStory M (Mobile)



OVERHIT (Mobile)

Japan



HIT (Mobile)



Dynasty Warriors: Unleashed (Mobile)



OVERHIT (Mobile)




MapleStory (PC)




Dungeon&Fighter (PC)


North America and Rest of the World




MapleStory (PC)




Domi Nations (Mobile)



MapleStory M (Mobile)

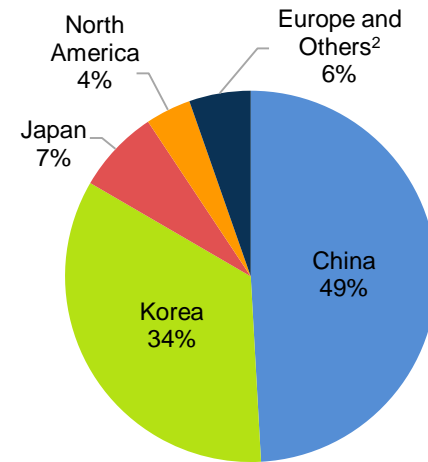


Choices: Stories You Play (Mobile)

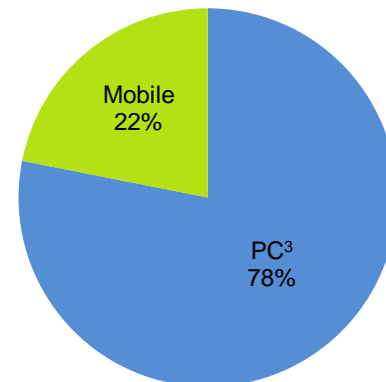


Darkness Rises (Mobile)

2017 Revenue by Region¹



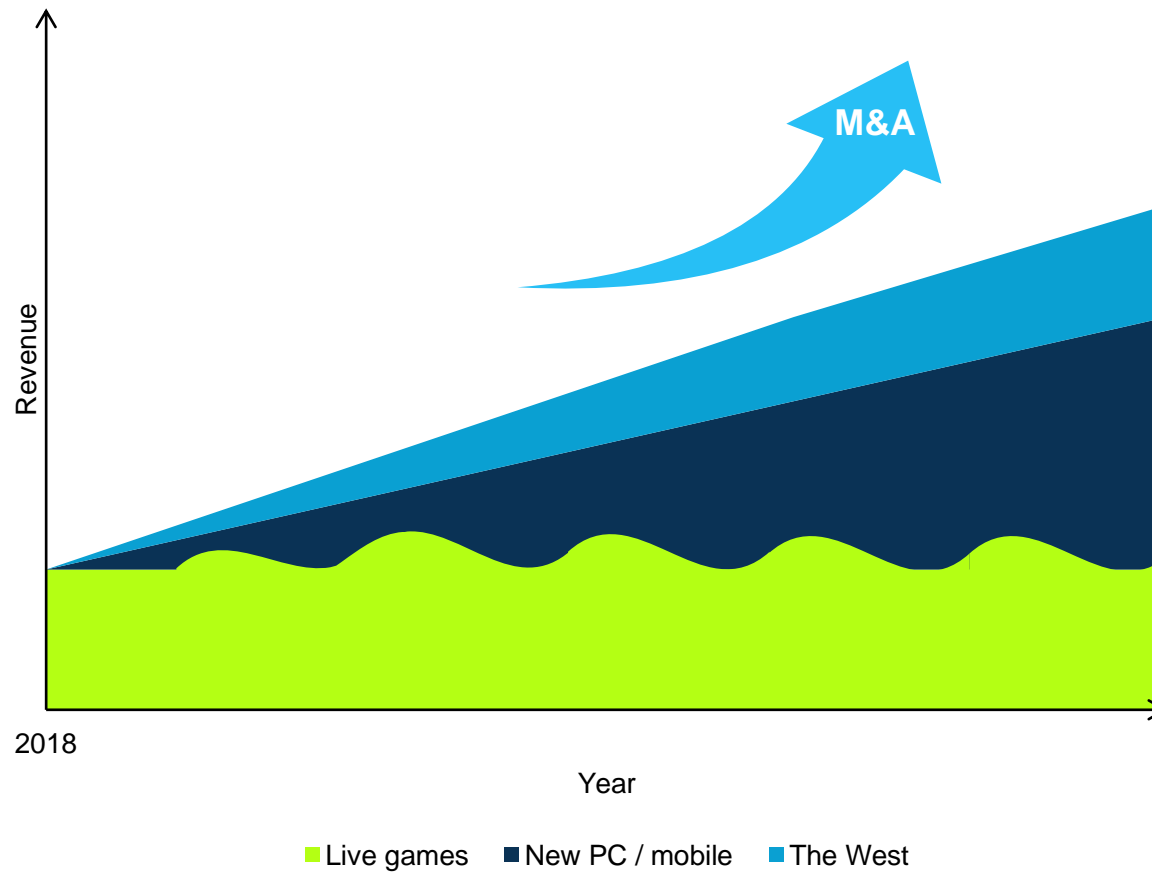
2017 Revenue by Platform



¹ Based on the regions in which revenues originate; not a representation of revenues according to Nexon entities.
² "Europe and Others" includes Europe as well as other Asian countries and South American countries.
³ PC revenue includes revenues other than PC/mobile revenues.
⁴ The letters, graphics, symbols, logos and other marks shown in this material are trademarks or registered trademarks owned by respective right holders.

Long-term Growth Vision

Long-term Growth Vision and Evolution¹



¹ Above graph is illustrative and not to scale.

Glossary of Terms

Notice of correction to the definition of ARPPU

Previously, ARPPU was defined as "Online game **net** revenues for any given period divided by the average number of paying players of such games during the period." The correct definition is "The amount obtained by dividing monthly PC online game **gross** revenues by the number of monthly paying users." Please see the body of the page for detailed definition. Please be noted that there is no correction to the ARPPU disclosed on page 19 in the Appendix to the Investor Presentation.

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Term / Abbreviation	Meaning
AOS	AOS is a sub-genre of the real-time strategy genre, in which two teams of players compete with each other in discrete games, with each player controlling a single character through an RTS-style interface.
FPS (first person shooter)	A game in which the player plays from the point of view of the game character in three-dimensional graphics
RTS (real-time strategy)	A game that is usually played from a third-person perspective, in which the player controls vast numbers of in-game characters in a tactical scenario
MMORPG (massively multiplayer online role playing game)	An online role-playing game that has a "massive" number (usually several hundred or more) of players who play concurrently
MAU (monthly active user)	Monthly total number of users who logged in and played Nexon's PC online games. MAU in this presentation is the quarterly average of such numbers. Nexon's PC online games include games developed and serviced by Nexon group, games developed by Nexon group and serviced by non-Nexon group publishers, and games developed by non-Nexon group developers for which Nexon group acquired publishing rights.
ARPPU (average revenue per paying user)	The amount obtained by dividing monthly PC online game gross revenues by the number of monthly paying users. ARPPU in this presentation is the quarterly average of such numbers. Gross revenues used in the calculation are in-game sales, and exclude other revenues included in PC revenues such as sales from PC café time charge.
Pay Rate	The percentage rate obtained by dividing the number of monthly paying users by the number of monthly active users. Pay rate in this presentation is calculated using the quarterly average of such numbers.
MCCU (maximum concurrent users)	The maximum number of users concurrently accessing a game at a particular moment. MCCU is generally used to measure the popularity of a game
Closed Beta Test (CBT)	A trial version (beta version) of a game offered for a certain period of time to a limited number of users or groups; a Limited Beta Test is an even smaller-scale trial mode of a game with fewer numbers of users or groups
Open Beta Test (OBT)	A trial version (beta version) of a game offered for a certain period of time without restrictions on participation. OBT is usually conducted after CBT.
Tier One Update	Large scale updates to existing PC games typically launched in Q1 or Q3 around peak season
Tier Two Update	Smaller updates to existing PC games released throughout the year
Immersive Games	Games that are designed to be played continuously for hours and enable thousands of concurrent users to interact with each other in real time. Our games are architected to evolve over years, in contrast to packaged goods games, which often have finite story lines and comparatively less open-ended player engagement.

Disclaimer

This presentation is prepared to offer reference information about NEXON group to the investors and is intended to generally provide investors and analysts with financial and operational information about Nexon, but not to solicit or recommend any sale or purchase of stock or other securities of Nexon. NEXON Co., Ltd. (“Nexon”) has not verified and would assume no responsibility for the accuracy, appropriation, or completeness thereof. This presentation does not contain all relevant information relating to Nexon or the sale of its shares, including, without limitation, the information that would be stated under the captions “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business” in an annual report. Any investment decision with respect to any shares of Nexon should be made solely upon the basis of the information contained in the disclosure documents and is qualified in its entirety by reference to the detailed information appearing in the disclosure documents.

This presentation includes non-GAAP and non-IFRS financial measures, including but not limited to key performance indicators, as well as ratios calculated on the basis thereof. These non-GAAP and non-IFRS financial measures should not be considered in isolation or as a substitute for the most directly comparable financial measures included in our consolidated financial statements and presented in accordance with IFRS.

This presentation includes forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “anticipate”, “assume”, “believe”, “estimate”, “expect”, “forecast”, “may”, “plan”, “potential”, “predict”, “seek”, “should”, or “will”, or by other similar terminology. These statements discuss expectations, identify strategies, contain projections of Nexon’s financial condition or results of operations or state other forward-looking information. The forward-looking statements in this presentation are subject to various risks, uncertainties and assumptions about Nexon’s business and results of operations. The expectations expressed in these forward-looking statements may not be achieved, and actual results could differ materially from and be worse than expectations. Potential risks and uncertainties that could cause actual results to differ materially from expectations include, without limitation:

- Continued growth and popularity of Nexon’s key titles;
- Nexon’s ability to maintain favorable relationships with key licensing partners;
- Nexon’s continued ability to offer games in China, through local partners or otherwise;
- Nexon’s ability to compete effectively in the online games industry;
- Nexon’s ability to address hacking, viruses, security breaches and other technical challenges;
- Fluctuations in currency exchange rates;
- Nexon’s ability to maintain and further develop its brand name;
- Effective acquisition of new companies, businesses, technologies and games from third parties and the possibility of recognizing impairment losses;
- Continued growth of the online games market, including the underlying infrastructure, and free-to-play/item-based revenue generation model;
- Nexon’s ability to adapt to new technologies;
- Nexon’s ability to enter into licensing arrangements for third-party titles on terms favorable to it;
- Effective defense of Nexon’s intellectual property; and
- Legislative, regulatory, accounting and taxation changes in the countries in which Nexon operates.

Nexon does not intend, and disclaims any duty, to update or revise any forward-looking statements contained in this presentation to reflect new information, future events or otherwise. We caution you not to place undue reliance on the forward-looking statements contained in this presentation.

Q4 2018 Earnings Release Schedule (Tentative)

Q4 2018 financial results are scheduled for release on **Tuesday, February 12th, 2019.**

Nexon management is scheduled to host an earnings presentation for investors, analysts and the media on the same day. The presentation will be webcast live on Nexon's IR website.

Details of the earnings presentation will be available on our IR website about a month prior to the release.



NEXON